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Ontario Ministry of Colleges and Universities
[Statements and Speeches]

BACKGROUND INFORMATION
CONCERNING
MODIFICATIONS TO
THE ONTARIO STUDENT ASSISTANCE PROGRAM

FOR 1978-79



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ONTARIO'S STUDENT ASSISTANCE PROGRAM FOR 1978-79

Ontario will implement a new student assistance package in September, 1978. The name of the current student assistance program, the Ontario Student Assistance Program (OSAP), will refer in future to the component student assistance plans taken together as a package.

In 1978-79, the Ontario Student Assistance Program will include:

- the Ontario Study Grant Plan
- the Canada Student Loans Plan
- the Ontario Student Loans Plan
- the Ontario Special Bursary Plan.

The Ministry of Colleges and Universities is also looking into the possibility of a small, interest-bearing loans plan as a final component of Ontario's student assistance package. In addition, the Ontario Graduate Scholarship Program will be expanded.

In addition to developing a number of new student assistance policies, the Ministry of Colleges and Universities has developed a new computerized assessment system to maintain the high level of service achieved in the current year.

OBJECTIVES

The decision to implement new student assistance policies in September, 1978, is the end result of three years of planning and discussion. In 1974, the provinces and the federal government began discussions aimed at reforming the criteria of the federal government's Canada Student Loans Plan. Independently, the Province of Ontario set up its own Interim Advisory Committee on Financial Assistance to review the policy directions that Ontario should consider for the next decade.

In September, 1978, some of the major recommendations of Ontario's Interim Advisory Committee will be adopted. The federal government will also be introducing the first of a number of changes to the Canada Student Loans Plan.

The first major recommendation of the Interim Advisory Committee was that the provincial grants program should be developed separately from the federal government's Canada Student Loans Plan. Ontario's grant program, it was believed, should have its own objectives and criteria and the neediest students should not be required to borrow before being eligible for grant assistance. This recommendation has been accepted for implementation in 1978-79.

The second major recommendation of the Committee was that the province's student assistance program should be comprehensive enough for any student to turn to when short- or long-term financial needs had to be met. This approach is being adopted in 1978-79.

Each of the component plans of OSAP has its own objectives:

The Ontario Study Grant Plan

The main purpose of the Ontario Study Grant Plan is to promote equality of opportunity by helping students from less affluent families to complete undergraduate work and begin professional or graduate programs or to turn to employment without having to incur significant debt. At the advanced professional or graduate levels of study, students will be expected to assume more responsibility for their own educational costs or to turn to other student assistance plans.

The Canada Student Loans Plan

The main purpose of the Canada Student Loans Plan is to provide need-tested loan assistance to students up to the doctoral level of study at recognized universities and colleges anywhere in the world. The level of assistance provided is up to approximately two-thirds of standard costs at an Ontario institution. Students who have reached "independent" status can be assessed for loan assistance without reference to their families' income status.

The Ontario Student Loans Plan

The main purpose of the provincial loan plan is to make loan assistance available to students who are not covered by the Canada Student Loans Plan. In 1978-79, this will include students taking fewer than three courses and some full-time students whose needs are not fully met by the Canada Student Loans Plan. Provincial loans will be available for study at recognized universities and colleges in Canada.

The Ontario Special Bursary Plan

The main purpose of the Special Bursary Plan is to ensure that particularly needy part-time students can apply for grant assistance. There will continue to be a limit on the number of courses that a student may take (3 university courses or their equivalent at the colleges) and students will not be able to receive financial assistance from both this program and the Ontario Study Grant Plan at the same time. This program is for study in Ontario only.

Scholarships: The Ontario Graduate Scholarship Program encourages academic excellence at the graduate level of study in Ontario's universities. The number of these merit-based awards will be increased to 1200 in 1978-79.

Interest-Bearing Loans: If a small, interest-bearing loans plan is introduced in 1978-79, the main purpose of this component of OSAP will be to meet a broad range

of financial needs not readily met by the need-tested plans. This plan would likely be available through the post-secondary educational institutions and the amount of indebtedness allowed a student would be restricted.

ELIGIBILITY CRITERIA OF THE NEW ONTARIO STUDY GRANT PLAN

The applicant must be a Canadian citizen or a landed immigrant.

The applicant must be a resident of Ontario.

The applicant must be attending a university or college and taking a program of study approved by the Ministry of Colleges and Universities. The universities and colleges now eligible for grant assistance will continue to be eligible for grant assistance in 1978-79.

The provincial grants program will be portable outside the province but only within Canada.

Students in the Bar Admission program will not be eligible to apply for grant assistance in 1978-79.

Students who lose grant eligibility in 1978-79 because of the new criteria for the province's grant program may continue to be eligible for grant assistance for a limited period of time. The Ministry of Colleges and Universities is looking into several "grandfather clauses" which will help ease some of the financial problems resulting from the transition to the new Ontario Student Assistance Program.

A major feature of the new provincial grants plan is that there will be time limits placed on the grant assistance. The reason for these limits is that after supporting approximately four years of undergraduate study, the province has ensured equality of opportunity for less affluent students at least as far as their first degree or diploma.

Students will be eligible to apply for provincial grant assistance for a maximum of eight "grant eligibility periods."

Each of these grant eligibility periods corresponds to a period of study which is a minimum of 10 weeks and a maximum of 19 weeks in duration.

Full-time and part-time students may apply for provincial grant assistance, but whatever course load the student chooses to carry the student will have made use of his or her grant eligibility periods.

Eight grant eligibility periods are available to students as soon as they are accepted in any program offered by an educational institution which leads to a degree, diploma or certificate. This would include preparatory work required by the post-secondary institution before entry into more formal levels of post-secondary study.

Grant eligibility periods not used by the student cannot be credited to that student for future academic work.

Students who register for academic studies and drop out early in that year will have used up a grant eligibility period.

The eight grant eligibility periods correspond to approximately four academic years of study. Students in programs which are longer than 38 weeks, however, will be using up three grant periods in any one calendar year.

Students who have failed part or all of their academic year and who are allowed to register again will not be given an extension to the number of eligibility periods available to them.

Post-secondary educational institutions will be encouraged to counsel students who are receiving grant assistance and who are consistently unsuccessful in their academic progress.

Students seeking provincial grant assistance will be encouraged to enrol on a full-time basis.

The Canada Student Loans Plan will continue to be available to students at any level of study who are taking at least three courses which are leading towards a degree, diploma or certificate.

The Ministry of Colleges and Universities is involved in negotiations concerning grant assistance for post-secondary students at registered private vocational schools.

When parents of a student must contribute towards the educational costs of their son or daughter who is applying for grant assistance, they will be required to sign a waiver indicating their agreement to allow the province limited access to their income tax information so that statements about resources can be verified.

LEVELS OF COSTS AND ALLOWANCES FOR OSAP

The Ministry of Colleges and Universities is now researching levels of costs and allowances for the provincially funded grant and loan components of the Ontario Student Assistance Program. Before the end of 1977, the federal government will inform the provinces of the allowances for the Canada Student Loans Plan.

The dollar value of these costs and allowances will incorporate the following changes:

- (1) Single parents will be allowed money towards babysitting on the cost side of the need assessment for only the grants plan. The Canada Student Loans Plan will continue to permit babysitting costs as a deductible allowance against the single parent's gross income.
- (2) The Canada Student Loans Plan will continue to distinguish between an "at home" and an "away" allowance for board and lodging and will continue to take back the "at home" allowance through the parental contribution table on the resource side of the need assessment. The Ministry of Colleges and Universities is considering the

possibility of a single rate for board and lodging for all applicants applying to the Ontario Study Grant Plan. When the student is living at home, the parents would not be expected to make an additional contribution in order to offset this cost allowance.

In recognition of higher local travel costs which students face in certain communities, a number of universities and colleges will be designated for a higher "local travel allowance" than others.

REVIEW OF FINANCIAL RESOURCES IN THE ASSESSMENT OF NEED

The review of resources available to the student will be more comprehensive than under the current student assistance programs in Ontario. Both the loan and the grant component of the Ontario Student Assistance Program are need-tested and are designed to supplement but not replace the family's or the individual's own resources. Any study grant or scholarship will be considered a direct resource in the calculation of loans.

Unless a single student has been a full-time member of the workforce, the single student applying for grant or loan assistance must have their parents provide information on income and assets. Applicants who are married must provide information on both their own and their spouse's income and assets. All applicants must provide information on personal earnings and academic awards they have received.

In reviewing the personal resources of the applicant, the following potential resources are considered:

Summer or Work Term Earnings

The majority of students have a lengthy break between periods of study. If they apply for grant or loan assistance, they are expected to have sought employment during the time away from studies. Those students seeking grant assistance will be assessed on actual earnings above minimum standard during this time. Those seeking loan assistance in 1978-79 will be expected to contribute an amount based on the CSL summer contribution table.

Although grant applicants will face a minimum contribution if actual earnings are low, there will be situations allowed in which this minimum can be waived.

Study Period Earnings

Students who earn money during their period of study will be expected to contribute a percentage of this money toward their educational costs. Students will, however, be allowed to make up a shortfall in summer earnings, parental contribution, or expenses not recognized by the student assistance plans.

Investment and Other Income

Students are expected to provide information on income from investments, alimony, other government programs, and the like.

Academic Awards

All academic awards are considered a direct resource available for the students' educational costs. In recognition of academic excellence, a waiver of \$700 is allowed against such awards for those seeking grant assistance.

Assets

Students applying for grant or loan assistance must provide information on the gross and net value of a short list of "assets."

Students applying for grant assistance will be asked to confirm the financial information they have given on the five preceding items at the time they register for studies at a university or college.

In addition to their personal resources, single students who have not spent three years as a full-time member of the work force will be responsible for getting their parents to provide information on their income and asset holdings. All families will be expected to contribute according to their ability. Those families with extensive asset holdings may be asked to contribute an additional amount depending on the net value of these assets. This additional contribution would approximate 2% of their net worth.

The spouses of all married students will be expected to contribute towards their husband's or wife's educational costs. The amount of this contribution will be calculated on the basis of the time the spouse has available for work. Married students will be asked to provide financial information about their asset holdings.

When students who are married are registered as full-time students, the responsibility of the spouse to contribute towards each other's costs will not be waived. In practice, this will mean that when both married students are studying full-time, the amount they must contribute from "personal summer or work term earnings" will be slightly higher than the amount that single students must contribute.

Part-time students who apply for grant assistance will also be expected to contribute on the basis of the time they have available for employment. This means that the percentage used in the calculation of their contribution from personal resources will be higher than that used for full-time students. Part-time students who are not employed will be subject to minimum expected contributions based on the time available for employment.

STUDENTS RECEIVING FINANCIAL ASSISTANCE FROM OTHER GOVERNMENT PROGRAMS

Students who are receiving financial assistance from another government program should provide this information on the application form. Some other government programs may require immediate repayment of their funds if the student assistance program provides grant assistance in such a way that cost items common to both programs have been covered by both programs.

CONDITIONS OF THE LOANS PLAN

In 1978-79, the interest and principal repayment conditions of the Canada Student Loans Plan will continue to be in effect. The interest on CSL loans will be paid by the federal government while the student is registered in at least three courses leading towards a degree, diploma or certificate. Repayment of the Canada Student Loans will begin six months after the student has left studies.

Students will be responsible for keeping their banks informed of their student status each year.

Students who face problems with immediate repayment of their CSL loans should be aware that banks have been given the authority by the federal government to negotiate with the student on the terms of repayment.

Students who deliberately provide false information or misuse the program may face a financial penalty or even prosecution, and financial assistance in future years under Canada Student Loans may be denied in some cases.

In 1978-79, the conditions of the Ontario Student Loans Plan will be similar to those of CSL. The province will pay interest on these loans before the student is registered at a university or college. The Ministry of Colleges and Universities will review the terms of repayment on all loans with both the federal government and the Canadian Bankers' Association for the years ahead.